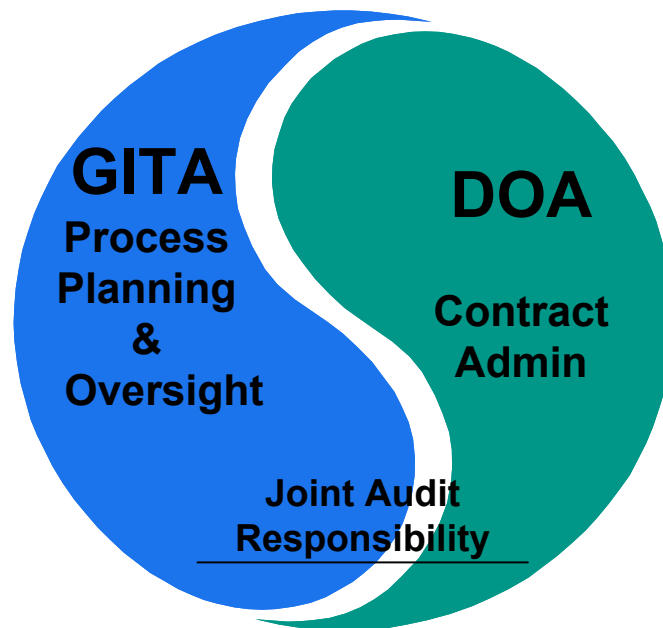


***Telecommunications Executive
Governance Committee
Guidelines for Interested Party
Communications***



**Response By
Cox Business Services
Connie Eitel
Government Manager
July 16, 2003**



Cox Business Services

Cox Business Services would like to thank the state of Arizona for allowing Cox to provide competitive services to the State of Arizona and Political Subs under Carrier Services contract number Ad000170-003. Cox Business Services is proud to be a successful contractor with ATS and many political subs. We are excited to be a part of the Executive Committee's telecommunications project to move the State into "Privatization".

Cox Business Services is a financially strong, local telecommunications provider operating as a full service facility-based CLEC offering unique solutions to government agencies' in the greater Phoenix and Tucson area. Cox also provides video services in Douglas, Casa Grande, and Sierra Vista markets. Cox Business Services operates under Cox Communications – Phoenix, owns 15,000 route miles of hybrid fiber coax infrastructure fiber, 2000 plus route miles of SONET, 8 Metropolitan Telecommunications Centers (CO's), 3 DMS Class 5 switches (implementing #4), and Multiple Carrier Interconnects. In the Tucson area Cox owns and managers 2370 miles of coax fiber infrastructure, and 530 mile of SONET.

Based upon Executive Governance Committee's request for information relating to guidelines for interested party communications Cox Business Services responds below:

Cox Business Services Recommended Service Delivery Model

Cox Business Services has followed the legislative events that resulted in a footnote to HB2533 (part 101). Based on our understanding of Arizona's public sector telecommunications needs, CBS would like to encourage the Telecommunications Executive Governance Committee to consider the following telecommunications service delivery model.

1. Further define the Legislature's vision for the delivery of Arizona telecommunications services
2. Phase the implementation with requirements that are achievable in the available time-frame
3. Keep what fits the vision and which works and change what does not work
4. Forge ahead quickly, always requiring interoperability and flexibility
5. Challenge the private sector to find ways to expand telecommunications infrastructure throughout the state.
6. Exploit opportunities to achieve "**Continuous Competition**".
7. State should encourage a competitive telecommunications environment.
8. A phased approach leveraging existing commodity contracts



9. Install buyer discipline
10. Audit invoices
11. Enforce SLA's
12. Provide feed back to vendors regarding performance on an ongoing basis

Cox Business Services Recommended Migration strategies

Getting Started

Cox Business Services offers the following migration strategy for your consideration:

1. Require that all the providers fairly compete for all telecommunications needs
2. Ensure that the new contractor is at "arms length" to all the underlying providers
3. Add incentives so that all state, local and educational buyers can make independent decisions which add to the State's total buying power, and that give the same discounts to all those participating buyers.
4. Leverage existing commodity contracts
5. Always buy low price for in kind services
6. Always monitor and report SLA violations
7. Must look at bandwidth consolidation
8. Must address Homeland Security/network redundancy/resiliency/availability
9. Install buyer discipline
10. Exploit opportunities to achieve "***Continuous Competition***".

Cox Business Services Recommended Cost Saving Measures

Existing overhead and duplication of efforts are areas where cost cutting could be effective for the State. Paying unit prices that are unnecessarily high is another area for the State to save. Carrier services are all standards based and all are required to have a service level agreement (SLA) when sold through the SPO contracts. Thus the State would be better served to select its telecommunications needs based primarily on competitive pricing, network quality, and resiliency.

How can we accomplish this?

Arizona Public Sector Requirements

Core costs can be optimized when buyers:

1. View all choices as commodities
2. Combine all purchases under common contracts with equal discounts to all buyers – statewide.
3. Buy most competitive price
4. Enforce SLA's.



5. Always based on 2 or more quotes
6. Optimize usage
7. Maximize use of Federal Funds (E-rate and other)
8. **“Continuous Competition”**.
9. Mandate bandwidth consolidation.
10. Make grants available to telecommunications providers to support rural build-out.
11. Look to sales tax incentives to motivate carries to comply with rural initiatives.

Result: Statewide efficient, effective interoperable telecommunications service.

Telecommunications Services Requirements

Core costs can be optimized when sellers:

1. Aggressively provide **“Continuous Competition”**, all telecommunications services at all locations.
2. **“Mandate”** all state agencies’ participate in program
3. AZ Enterprise Architecture compliant
4. Timely delivery and support
5. 100% reporting
6. Bandwidth consolidation at all levels of government
7. Reliable/Available/Survivable/Resilient delivery methods
8. Secure network, redundancy/Availability/Resiliency
9. Feature Rich
10. Standards compliant
11. Critical Mass
12. Utilize government grants made available by the State to support rural build-out.

Potential Savings:

➤ Carrier Services

- | | |
|---------------------|--------------|
| - Low cost provider | \$5-6M/year |
| - Billing errors | \$2-3M/year |
| - Excess overhead | \$2-3 M/year |

Totals	\$9-11M/year
---------------	---------------------

Situation fits the gain-sharing model

Summary:

1. Further define the Legislature’s vision for the delivery of Arizona telecommunications services
2. Utilize government grants made available by the State to support rural build-out.
3. Bandwidth consolidation all levels of government
4. **“Continuous Competition”**
5. **“Mandate”** all state agencies’ participate in program



6. Reliable/Available/Survivable delivery methods
7. Combine all purchases under common contracts with equal discounts to all buyers – statewide.